

AMENDED IN ASSEMBLY APRIL 20, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1528

Introduced by Assembly Member Ruskin

February 27, 2009

An act to add Section 709.1 873.5 to the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 1528, as amended, Ruskin. ~~Telecommunications.~~
Telecommunications: lifeline service rates.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. The Moore Universal Telephone Service Act established the Universal Lifeline Telephone Service program in order to provide low-income households with access to affordable basic residential telephone service. Lifeline service rates are required to be set at no more than 50% of either the basic rate for measured service or the basic flat rate service, as applicable, exclusive of federally mandated end user access charges that are available to the residential subscriber.

This bill would prohibit the commission from authorizing a telephone corporation to increase rates or charges for local exchange services provided to lifeline telephone service subscribers above those in effect on January 1, 2009, except that rates and charges for local exchange services provided to lifeline telephone service subscribers may be increased in an amount no greater than the maximum annual

cost-of-living percentage increase established for the CalWORKs program. The bill would prohibit the commission from authorizing telecommunications carriers using alternative technologies to traditional landline service, including mobile telephony service providers and carriers offering telecommunication using Voice over Internet Protocol, to provide lifeline service only if the commission finds that there will be no reduction in service quality or service capabilities for lifeline service subscribers than those in effect on January 1, 2009, resulting from use of the alternative technologies.

~~Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law sets forth the telecommunications policies of the state. An existing decision of the commission established a uniform regulatory framework for the large- and mid-sized incumbent local exchange carriers that granted those telephone corporation broad pricing freedoms concerning almost all telecommunications services, new telecommunications products, bundles of services, promotions, and contracts.~~

~~This bill would require the commission to collect California-specific data necessary to monitor changes in the telecommunications market to determine whether adoption of the uniform regulatory framework is achieving results consistent with the state's telecommunications policies. The bill would require the commission to require that all telephone corporations report certain information on a quarterly basis and report on the content and resolution of customer complaints.~~

~~Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.~~

~~Because the provisions of this bill are within the act and require action by the commission to implement its requirements, a violation of these provisions would impose a state-mandated local program by creating a new crime.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~-no.
State-mandated local program: ~~yes~~-no.

The people of the State of California do enact as follows:

- 1 SECTION 1. *The Legislature finds and declares all of the*
2 *following:*
- 3 (a) *Ensuring that all California residents have access to*
4 *affordable, reliable, and high-quality basic local telephone service*
5 *has been a longstanding policy of the state.*
- 6 (b) *To help achieve this policy, the Legislature enacted the*
7 *Moore Universal Telephone Service Act that created a lifeline*
8 *class of telephone service for low-income citizens.*
- 9 (c) *The vast majority of California residents still use traditional*
10 *landline basic telephone service as their primary home*
11 *telecommunications service.*
- 12 (d) *Despite the introduction of competition in the*
13 *telecommunications marketplace, low-income residential customers*
14 *and customers living outside dense urban areas have few choices*
15 *for providers of basic telephone service.*
- 16 (e) *Where a residential consumer does have a choice among*
17 *providers, it is usually between the incumbent local exchange*
18 *carrier and the cable television company. Cable television*
19 *companies generally do not offer stand-alone basic landline*
20 *telephone service, but instead offer services through bundles*
21 *costing significantly more money than basic telephone service as*
22 *a stand-alone product.*
- 23 (f) *Many other technologies used to provide voice*
24 *telecommunications services are generally not effective substitutes*
25 *for traditional landline basic telephone service for a number of*
26 *reasons, including significant differences in quality and deficiencies*
27 *in coverage areas, higher prices, and diminished access to the 911*
28 *emergency telephone network.*
- 29 (g) *Over one-half of the estimated six million California*
30 *residents whose income qualifies them for lifeline telephone service*
31 *do not receive the discount and depend upon basic telephone*
32 *service as a safety net.*
- 33 (h) *In Decision 06-08-030 the Public Utilities Commission*
34 *established a uniform regulatory framework for the large- and*
35 *mid-sized incumbent local exchange carriers that granted those*

1 telephone corporation boards pricing freedoms concerning almost
2 all telecommunications services, new telecommunications products,
3 bundles of services, promotions, and contracts, effectively
4 deregulating telephone service for those telephone corporations.

5 (i) As part of its decision to adopt a uniform regulatory
6 framework, the commission authorized rate increases for both
7 lifeline telephone service and basic telephone service rates for the
8 four largest telephone corporations in California and will eliminate
9 all price regulation for those four carriers at the beginning of
10 2011.

11 (j) The commission should not authorize telephone corporations
12 utilizing alternative technologies to traditional landline service,
13 including mobile telephony service and Voice over Internet
14 Protocol, to offer lifeline telephone service unless doing so would
15 result in no degradation in service quality or in the capabilities
16 of lifeline telephone services in effect at the time the commission
17 adopted its uniform regulatory framework.

18 SEC. 2. Section 873.5 is added to the Public Utilities Code, to
19 read:

20 873.5. (a) The commission shall not authorize a telephone
21 corporation to increase rates or charges for local exchange
22 services provided to lifeline telephone service subscribers above
23 those in effect on January 1, 2009, except that rates and charges
24 for local exchange services provided to lifeline telephone service
25 subscribers may be increased each year in an amount that is no
26 greater than the maximum annual cost-of-living percentage
27 increase established for the CalWORKs program pursuant to
28 Chapter 2 (commencing with Section 11200) of Part 3 of Division
29 9 of the Welfare and Institutions Code, or a successor program.

30 (b) The commission may authorize telecommunications carriers
31 using alternative technologies to traditional landline service,
32 including mobile telephony service providers and carriers offering
33 telecommunication using Voice over Internet Protocol, to provide
34 lifeline service only if the commission finds that there will be no
35 reduction in service quality or service capabilities for lifeline
36 service subscribers than those in effect on January 1, 2009,
37 resulting from use of the alternative technologies.

38 ~~SECTION 1. The Legislature finds and declares all of the~~
39 ~~following:~~

1 ~~(a) In Decision 06-08-030, the Public Utilities Commission~~
2 ~~granted large- and mid-sized incumbent local exchange carriers~~
3 ~~broad pricing freedoms concerning almost all telecommunications~~
4 ~~services, new telecommunications products, bundles of services,~~
5 ~~promotions, and contracts, effectively deregulating telephone~~
6 ~~service.~~

7 ~~(b) Decision 06-08-030 further permitted geographic~~
8 ~~deaveraging of rates and eliminated California-specific monitoring~~
9 ~~reports while relying on forecasts of market evolution and~~
10 ~~predictions about price changes to ensure consumers receive just~~
11 ~~and reasonable rates and appropriate levels of service.~~

12 ~~(c) In order to verify that competitive forces are having the~~
13 ~~desired effect, data specific to California relative to prices,~~
14 ~~competition, affordability, and the deployment and equitable~~
15 ~~provision of new technologies and services is necessary for the~~
16 ~~Legislature to determine whether changes in the telephone service~~
17 ~~regulatory framework are producing results consistent with~~
18 ~~California telecommunications policies, including those set forth~~
19 ~~in Section 709 of the Public Utilities Code.~~

20 ~~(d) Reliance exclusively upon reports produced by the Federal~~
21 ~~Communications Commission and submitted to Congress is~~
22 ~~insufficient to determine the extent to which California's~~
23 ~~telecommunications policies are being achieved.~~

24 ~~SEC. 2. Section 709.1 is added to the Public Utilities Code, to~~
25 ~~read:~~

26 ~~709.1. (a) For purposes of this section, "uniform regulatory~~
27 ~~framework" means the system of rate regulation adopted by the~~
28 ~~commission for large- and mid-sized incumbent local exchange~~
29 ~~carriers pursuant to Decision 06-08-030, as modified in Decision~~
30 ~~06-12-044.~~

31 ~~(b) The commission shall collect California-specific data~~
32 ~~necessary to monitor changes in the telecommunications market~~
33 ~~to determine whether adoption of the uniform regulatory framework~~
34 ~~is achieving results consistent with the state's policies for~~
35 ~~telecommunications set forth in Section 709.~~

36 ~~(c) Pursuant to subdivision (b), the commission shall require~~
37 ~~all telephone corporations to quarterly report, in standardized~~
38 ~~format, geographically specific data setting forth current prices~~
39 ~~charged for the following services:~~

40 ~~(1) Basic residential and business line service.~~

1 ~~(2) Universal Lifeline Telephone Service.~~

2 ~~(3) Nonrecurring charges.~~

3 ~~(4) Privacy-related services.~~

4 ~~(5) Services relied on by persons with disabilities.~~

5 ~~(6) The lowest priced residential and business service packages~~
6 ~~or bundles of services that contain the functional equivalent of~~
7 ~~basic service and including all services traditionally associated~~
8 ~~with basic service.~~

9 ~~(7) Toll limitations.~~

10 ~~(8) The prices for mobile telephony service bundles, stand-alone,~~
11 ~~and broadband services bundled with telephone service.~~

12 ~~(d) Pursuant to subdivision (b), the commission shall require~~
13 ~~all telephone corporations to quarterly report on service availability~~
14 ~~by census tract, and line counts, including voice grade wireline,~~
15 ~~broadband, and wireless service, by customer class if applicable.~~

16 ~~(e) Pursuant to subdivision (b), the commission shall require~~
17 ~~all telephone corporations to report on the content and resolution~~
18 ~~of customer complaints.~~

19 ~~SEC. 3. No reimbursement is required by this act pursuant to~~
20 ~~Section 6 of Article XIII B of the California Constitution because~~
21 ~~the only costs that may be incurred by a local agency or school~~
22 ~~district will be incurred because this act creates a new crime or~~
23 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
24 ~~for a crime or infraction, within the meaning of Section 17556 of~~
25 ~~the Government Code, or changes the definition of a crime within~~
26 ~~the meaning of Section 6 of Article XIII B of the California~~
27 ~~Constitution.~~